



Carbon Sequestration and Public Utility Commissions: An Economic Perspective

May 2003

Commissioner David Hadley

Indiana Utility Regulatory Commission

*Chairman NARUC Partnership for Advanced
Clean Coal and Carbon Sequestration Technology*

NARUC



NARUC/DOE Partnership

- **Encourage dialogue**
- **Increase awareness**
- **Enhance energy-related information flow**

NARUC



DOE/NARUC Clean Coal And Carbon Sequestration Technology Partnership

- **Is NOT About Coal**
- **Is About Affordable Energy**
- **Is About Reliable Energy**
- **Is About Cleaner Energy Solution**

NARUC



Regulatory Tools to Encourage Carbon Sequestration:

- **Cost Recovery Via Rate Cases**
- **Sales Or Use Tax Exemptions**
- **Public Recognition of Carbon Sequestration Investment Or Use**

NARUC



Potential Regulatory Tools to Encourage Carbon Sequestration:

- **“Carbon Sequestration Pricing”**
- **Expedite Regulatory Environment**
- **Use of Public Benefit Funds**
- **Create Uniform Standards to Avoid Double Regulation**



Need to Create Regulatory Certainty

- **Agree to Give Utilities Ability to Recoup Carbon Sequestration Investments**
- **Allow Utilities to Earn Fair Rate of Return**



NARUC

Obstacle of the Day

For now, utilities are simply concerned about cost recovery.



Challenge of the Day

- **Longer term objectives are getting lost in the shuffle**
- **Utilities are focused on shoring up balance sheet**
- **Utilities are allocating funds to more immediate needs**

NARUC



Opportunity of the Day

Now is the time to:

- **Establish A Long-term Strategic Goals**
- **Plan**
- **Secure Improved Reliability**
- **Secure More Sustainable Economic Development**
- **Secure A Cleaner Environment**

NARUC



For More Information On The DOE/NARUC Clean Coal and Carbon Sequestration Technology Partnership

NARUC website

www.naruc.org/programs

NARUC